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Viewing cable 05LIMA4377, PERUVIAN FOREIGN POLICY UNDER TOLEDO

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Reference ID	Created	Released	Classification	Origin
05LIMA4377	2005-10-11 18:25	2011-08-30 01:44	CONFIDENTIAL	Embassy Lima

Appears in these articles:

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This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 03 LIMA 004377

SIPDIS

E.O. 12958: DECL: 10/08/2015

TAGS: [PREL](#) [PE](#) [US](#)

SUBJECT: PERUVIAN FOREIGN POLICY UNDER TOLEDO

Classified By: Political Counselor Alexander Margulies. Reason: 1.4(d).

1. (C) SUMMARY: Under the Toledo Administration, Peru's foreign policy has become more aligned with that of the United States than it has probably been at any time since the 1968 Velasco coup. While Peru continues to advocate policies that we disagree with, such as adherence to the International Criminal Court and the Kyoto Protocol, or the adoption of "innovative financial mechanisms," the Toledo Government played a constructive role in international consideration of our Iraq policy; sees eye-to-eye with us on the Global War on Terrorism, including support for Colombia against the FARC; walked away from Brazilian blandishments to form a common front against us on trade; came through on IAEA Board consideration of Iran; contributed troops to the Haiti PKO; and has taken the lead in resisting Venezuelan President Hugo Chavez's efforts to manipulate regional organizations and extend state control over continental energy production/distribution. Some of these policies are based on fundamental national interests that are unlikely to shift with the upcoming change in government, but there are forces at work to peel Peru away from the U.S. that cloud this outlook. END SUMMARY.

2. (U) General Juan Velasco, who ran Peru from 1968-75, was the Chavez of his time -- a left-wing hyper-nationalist who considered U.S. influence a threat to his domestic programs and to national sovereignty. With the fall of Velasco, things improved, but relations did not recover to their pre-1968 level. The Armed Forces continued to favor the Soviet Union as the supplier of equipment and training. During successor governments, Peru maintained its strong identification with the Non-Aligned Movement and sought to minimize U.S. access/influence, limiting foreign investment, rejecting readmission of the Peace Corps, and refusing to service the foreign debt. Bilateral relations were often

troubled by the fact that our values were not aligned. Our human rights and democracy policies, particularly during the latter years of the Fujimori regime, led to tensions not only in the bilateral relationship, but in international organizations where Peru made common cause with the wrong crowd. Fujimori's refusal to vote in favor of the Cuban UN Human Rights Commission resolution being a good example. At other times, sharp economic differences, especially President Alan Garcia's expropriations and renunciation of debt, soured relations.

What has changed?

13. (U) Starting with Fujimori, the opening of foreign trade and investment along with ATPA benefits increased our influence with domestic constituencies. Foreign trade has been the most dynamic sector of the economy and responsible for most economic growth. The importance of the U.S. market has grown from 16 to 29 percent of Peruvian exports. We are the largest purchaser of non-traditional exports like mangos, asparagus and textiles/clothing, so our impact on job creation has been even greater than those already impressive figures indicate.

14. (U) President Toledo and much of his economic team have lived and obtained an influential part of their education in the U.S. They have a strong appreciation for the U.S., an understanding of how the U.S. operates that many of their predecessors lacked, and a realization of the benefits that economic integration, through a free trade agreement and increased U.S. investment, will bring to Peru.

15. (U) Consequently, under Toledo, Peru is largely aligned with us on values related to economic growth/job creation/poverty reduction. A significant change in this administration is that the spread of U.S. influence is largely viewed as positive. This is illustrated by the invitation for Peace Corps to return, the broad high level access we enjoy to officials, the fact that U.S. investment is viewed by many within the government as being not only welcome but better than that of other countries in terms of the business values it brings. Moreover, for the first time in many years we are lined up on democracy values, a shared vision enhanced by the negative experience that President Toledo and members of his administration had under the authoritarian Fujimori regime. Peru's experience with Sendero Luminoso and Tupac Amaru Revolutionary Movement (MRTA) terrorism also lines up our values in that area -- tellingly in the case of Peru's strong cooperation with Colombia.

16. (C) That is not to say that Peru and the U.S. are perfectly aligned on foreign policy issues. The GOP continues to advocate foreign policies that we disagree with, such as adherence to the International Criminal Court and the Kyoto Protocol, or the adoption of "innovative financial mechanisms" to avoid IFI debt ceilings. Nonetheless, the Toledo Government has often gone out on a limb to side with us on issues of major importance:

-- it played a constructive role in the UNGA, the UNCHR and the OAS on Iraq, making clear that it viewed Sadaam Hussein as being responsible for the crisis there;

-- it sees eye-to-eye with us on the Global War on Terrorism, supporting unconditional condemnation of terrorism and terrorist organizations in international fora, cooperating with us on counter-terrorism measures, and providing strong support to Colombia against the FARC;

-- it came through on IAEA Board consideration of Iran's violations of its nuclear non-proliferation obligations;
-- it contributed troops to the Haiti PKO and has offered to increase its commitment when other countries in the region are indicating that they may pull out; and

-- President Toledo has taken the lead in resisting Venezuelan President Hugo Chavez's efforts to manipulate regional organizations, such as the South American Community of Nations, and is opposed to Chavez's initiatives to extend state control over continental energy production/distribution. Peru's mediation of the "Granda Crisis" between Colombia and Venezuela ensured that Colombia's concern with the GOV's practice of giving safehaven to FARC figures was protested.

Will it last through a change of Administration?

17. (C) Peru's positive foreign policy tilt towards the U.S. may last through a change of administration, but we will have to work hard to preserve it. None of the major Presidential candidates has Toledo's experience in/of the U.S. nor his

sensitivity to our point of view. What we have going in our favor is:

-- That US-educated officials have in the past 15 years been inducted into and moving up the ranks of government. Some US-educated officials have, of course, been problematic (such as Santiago Roca in Indecopi) but most reflect a new mindset favorable to our interests.

-- Our growing commercial/investment ties, which have created a powerful pro-U.S. constituency among the entrepreneurial class.

-- The large Peruvian community in the U.S. and the view of our country that it has communicated to the more modest (B/C/D) classes.

-- That Civil Society is larger, healthier and more influential than in the past. Non-governmental organizations sometimes represent powerful opposition to our agenda (Article 98 and in the case of some the FTA), but more often than not they are lined up with us on democracy/human rights values issues.

-- That more American tourists are coming here, there are more Peace Corps volunteers and our binational centers are crammed with students learning American English; people-to-people interaction is greater than ever before.

18. (C) What we have to watch out for is:

-- The Foreign Ministry. The Foreign Affairs professionals will ultimately do what the administration tells it, but most of them have been trained in the Latin American leftist tradition and hold ambiguous or worse views of the U.S.

-- The left. Efforts to create a "new left" movement along the lines of what Lagos' socialists have done in Chile have not taken off. The left remains defined as anti-business and anti-US. There are folks striving to take the new approach, but they haven't yet been able to make inroads against the old thinkers.

-- The Brazilian alternative. We are in an undeclared contest here with Brazil for influence. We are winning on most issues that count (FTA, market economics, pro-foreign investment), but the GOB is still very much in the game. Neither China nor the EU have in practice pursued an increase in their influence here as though it were a zero sum contest with the U.S. Venezuela does, but hasn't made many inroads beyond the far-left. Brazil also does and in real terms is the more serious player. This has been evident in the G-21 trade initiative, in the GOB's pushing of a foreign policy coordination mechanism in the South American Community of Nations process, and in the way the GOB outmaneuvered us this year on the Cuba UNCHR resolution, getting Peru to abstain for the first time under Toledo.

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